

# The Role of UAE in the Fastener Trade & Distribution in the Entire Middle East Region

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\*All values are in 1,000USD.

## UAE Overlook

Rapid economic growth prompted by discovery of oil reserves on the territory of the UAE, has given boost to the active development of different sectors of industry. The basis of the industrial sector of the Emirates is oil and gas industry, which provides today around 33% of GDP. Currently, the United Arab Emirates is the third largest producer of "black gold" in the Gulf area. An average of almost 2.2 million barrels of oil per day is produced in the country.

Among other industries, an important role in the economy of the UAE is played by the energy sector, production of construction materials and fabricated metals, water distillation as well as textile and food processing industry. The development of all these industries was triggered primarily by the construction boom, when construction of new hotels, shopping malls and skyscrapers needed thousands of kilometers of plastic pipe, tons of cement, electrical equipment and other goods. In addition, another task was to provide the constantly growing population with consumer goods and food.

The construction industry in the UAE has been rapidly developing since 1960. Initially the industry was represented by small factories producing tiles, marble slabs, building blocks, prefabricated pools, etc., whereupon some large cement factories and others were built.

Besides, small companies engaged in manufacture of PVC and polyethylene sheets, tubes and other materials and components for construction operate in the UAE. They fully meet market needs of the Emirates. In addition, such products are exported to other countries.

Since the late 60s of the last century, factories producing soft drinks and food have boosted their presence in the United Arab Emirates. They include canning plants, companies producing fish, meat, dairy products, flour mills, plants producing carbonated drinks, etc. As for consumer goods industry in the UAE, it is mostly concentrated in Jebel Ali Free Trade Zone, Sharjah and Ajman. The rest of the economy is represented by medium and small factories. Production of clothes is the third largest sector of the economy (after oil industry).

Pharmaceuticals, electronics, high-tech manufacturing, services and other business sectors also have enhanced their presence on the market.

## UAE Fastener Business - Import Section

About 5.3% of the imported fasteners in the whole world were bought by Middle East consumers and UAE market as the 2nd biggest market in the Middle East has a market share around 28.6%. Turkey is the biggest market and Saudi Arabia is the 3rd biggest market in the Middle East. (See the following table).

Note 1: the statistics are not complete for the empty fields.

Note 2: The Iranian market was down because of 8 years' sanction, and it is predictable to grow fast in the future.

Importers	Imported Value in 2011	Imported Value in 2012	Imported Value in 2013	Imported Value in 2014	Imported Value in 2015
World	\$37,601,218	\$37,122,494	\$38,785,721	\$40,776,489	n/a
Middle East	\$1,792,281	\$1,734,107	\$2,131,248	\$2,204,846	n/a
Turkey	\$595,568	\$526,671	\$617,139	\$626,208	\$663,749
UAE	\$273,308	\$327,471	\$471,727	\$625,626	\$114,261
Saudi Arabia	\$329,952	\$372,628	\$472,151	\$270,327	n/a



The main exporters to UAE are mentioned in the following table,

Exporters to UAE	UAE's Imported Value in				
	2011	2012	2013	2014	2015
Total	\$273,308	\$327,471	\$471,727	\$625,626	\$114,261
India	\$33,179	\$86,545	\$238,486	\$354,052	\$52,110
USA	\$11,378	\$13,800	\$15,083	\$18,416	\$17,441
S. Korea	\$10,909	\$20,521	\$9,152	\$15,713	\$10,650
UK	\$9,303	\$10,473	\$9,431	\$10,380	\$8,813
Others	\$208,539	\$196,132	\$199,575	\$227,065	\$25,247

The main point of the above table is, the UAE's imported fastener value in 2015 dropped by 5 times the value recorded in 2014! The reason is, the decline in oil prices continues to weigh on UAE's economic growth and is putting a dent in government revenues.



**Export Section** - The portion of Middle East in the world's exported fasteners is about 1.2%. Turkey is the first and biggest fastener exporter in the Middle East and Israel is the 3rd biggest exporter country in this field. UAE with a 19.6% market share in this region is the 2nd biggest fastener exporter in the Middle East. The statistics of the Iranian market and Iranian suppliers are unknown because of 8 years' sanction.

Exporters	Exported Value in 2011	Exported Value in 2012	Exported Value in 2013	Exported Value in 2014	Exported Value in 2015
World	\$33,790,285	\$33,106,006	\$34,671,619	\$37,002,870	n/a
Middle East	\$398,729	\$359,777	\$392,341	\$451,133	\$298,011
Turkey	\$266,299	\$248,124	\$260,935	\$307,874	\$287,522
United Arab Emirates	\$92,574	\$71,340	\$84,293	\$88,576	\$10,489
Israel	\$13,452	\$15,028	\$23,556	\$33,538	n/a

The main markets of UAE fasteners are shown in the following table.

Importers from UAE	UAE's Exported Value in				
	2011	2012	2013	2014	2015
Total	\$92,574	\$71,340	\$84,293	\$88,576	\$10,489
India	\$1,908	\$1,881	\$2,150	\$1,359	\$2,633
USA	\$6,359	\$8,511	\$7,067	\$1,405	\$2,126
Malaysia	\$105	\$100	\$410	\$478	\$795
UK	\$55	\$83	\$377	\$300	\$681
Others	\$84,147	\$60,765	\$74,289	\$85,034	\$4,254

The main point of the above table is, the UAE's exported fastener value in 2015 dropped by 8.9 times the value recorded in 2014! The reason is the price of oil that caused the depression in the other parts in the countries, whose economies rely on oil like UAE.

## Last Word

Positioning is the solution for the Middle East countries. Look at Qatar, one of the richest countries in the world, Qatar is positioned for the oil, it does not mean that the other activities did not do in the Qatar, but it means this country is famous because of oil.

Oil is a risky material because of the significant price fluctuations and we did not suggest it for other countries.

On the other hand, in the long term, UAE is not a focused country. Different businesses like oil, banking, construction, tourism, etc., put the country in an unstable economic situation, especially when the major portion of UAE's industries relies on oil. If UAE is looking for a stable economy, they have to build global brands. Building a global brand is a difficult process involving a lot of marketing thinking and finding a main position for the country, but it works and improves the other industries in the country.